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U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Physicians Health Plan, Inc.

v.

Michigan HMO Plans, Inc., dba Omnicare Health Plan

Cancellation No. 25,559

Steven H. Lasher and David H. Aldrich of Foster, Swift,
Collins & Smith, P.C. for Physicians Health Plan, Inc.

Glenn E. Forbis of Rader, Fishman & Grauer, PLLC for
Michigan HMO Plans, Inc., dba Omnicare Health Plan.

Before Cissel, Hohein and Chapman, Administrative Trademark
Judges.

Opinion by Chapman, Administrative Trademark Judge:

Physicians Health Plan, Inc. has filed a petition to
cancel a registration issued to Michigan HMO Plans, Inc.,
dba Omnicare Health Plan, for the mark shown below



for "health care services in the nature of a health maintenance organization."¹

Petitioner asserts as grounds for cancellation that it is a licensed health maintenance organization; that since at least as early as August 14, 1986, petitioner has continuously used a butterfly design for the underwriting of health and accident insurance, which includes providing health care services through a health maintenance organization; that petitioner uses its mark pursuant to a 1987 license agreement with Medica; that Medica is the owner of a registration² for the mark shown below



for "underwriting of health and accident insurance"; and that respondent's mark, when used in connection with its services, so resembles petitioner's previously used mark as

¹ Registration No. 1,658,585, issued September 24, 1991, Section 8 affidavit accepted. The claimed date of first use and first use in commerce is September 1, 1988. The registration includes the following statement: "The stippling is a feature of the mark and does not indicate color."

² Registration No. 1,469,371, issued December 15, 1987, Section 8 affidavit accepted, Section 15 affidavit acknowledged. The claimed date of first use and first use in commerce is August 14, 1986.

to be likely to cause confusion, mistake, or deception.

In its amended answer respondent denied the salient allegations of the petition to cancel, and raised the affirmative defenses that "petitioner's claim is barred under the doctrine of laches and estoppel."³

The record includes the pleadings, and the file of respondent's registration. Petitioner also submitted a notice of reliance on (i) status and title copies of pleaded Registration No. 1,469,371 owned by Medica (petitioner's licensor), and Registration No. 1,435,999 owned by Physicians Health Plan of Minnesota⁴, and (ii) a copy of the March 3, 1987 license agreement between Physicians of Minnesota and petitioner; the testimony (with exhibits) of Olga Dazzo, chief executive officer and president of petitioner's mid-Michigan subsidiary; the testimony (with exhibits) of Susan Kay Sharkey, chief executive officer of petitioner's south Michigan subsidiary; the testimony (with exhibits) of Michelle Ann Connell, petitioner's sales administrative director; the testimony (with exhibits) of

³ Such allegation is a legally insufficient pleading of the affirmative defenses of laches and estoppel because it includes no facts on which the defenses are based. However, inasmuch as both parties argued the affirmative defenses in their briefs on the case, the Board will consider these defenses.

⁴ Registration No. 1,435,999, issued April 7, 1987, for "comprehensive health care services," Section 8 affidavit accepted, Section 15 affidavit acknowledged. The mark is exactly the same as the butterfly shown in pleaded Registration No. 1,469,371, except that the butterfly is not at a tilted angle. The claimed date of first use and first use in commerce is January 2, 1985.

Dennis Pace, president of Pace & Partners, petitioner's advertising agency; and the testimony (with exhibits) of John Bunge, president of Legal Marketing Research Incorporated, hired by petitioner to conduct a survey. Respondent submitted the testimony (with exhibits) of Solomon C. Payne, II, manager of marketing communications of United American Health Care Corporation (the management company that oversees respondent's health plan); and a notice of reliance on (i) the depositions of Susan Kay Sharkey,⁵ Olga Dazzo, Michelle Connell, and Dennis Pace,⁶ and (ii) copies of ten third-party registrations of butterfly marks.

Both parties filed briefs on the case, and were represented at an oral hearing held before this Board on November 12, 1998.

The record shows that petitioner is a health maintenance organization (HMO) which provides health benefit services in Michigan through four regional subsidiaries, and that it plans to expand to the southeast Michigan area. Petitioner first used and has continuously used its

⁵ The Sharkey transcript submitted by respondent (item "d." in respondent's notice and amended notice of reliance) was a copy of the Sharkey deposition previously submitted by petitioner.

⁶ The copies of all four deposition transcripts were submitted by respondent in an inappropriate format. Specifically, there were four pages of testimony per one letter-size page. This is not acceptable as all transcripts are to be filed with the Board in the format of one page of testimony per one letter-size page. See, e.g., Trademark Rule 2.123(g)(1), which relates to trial transcripts.

butterfly mark (a graphic representation of a butterfly which also may be viewed as a heart and two faces) since August 1, 1985; and petitioner entered into a license agreement with Physicians of Minnesota (now Medica) in 1987. Petitioner sometimes uses its butterfly mark physically separate from the words "Physicians Health Plan," but petitioner stipulated that "at least in terms" of petitioner's documents introduced at the Dazzo deposition, petitioner's butterfly design is not used alone without reference to "Physicians Health Plan" on the same page. (Dazzo dep., p. 48.)

Petitioner intended its butterfly mark to evoke ideas of growth, transition, creativity, the notion of freedom and the concept of choice of physicians. The faces and heart are intended to connote compassion, empathy, and the relationships of trust between the plan provider, its members and the physician providers.

Petitioner's group health benefit services are primarily sold to employer groups, including governmental employers. A small percentage (about 10%, including Medicaid) of petitioner's business is with individuals. Petitioner currently offers a Medicaid service (administered by the state of Michigan), and it is developing a Medicare service (administered by the federal government). Petitioner focuses its sales efforts on both employer group

personnel who decide which plan(s) will be offered by that employer, and on the potential members individually.

Petitioner advertises its services through local magazines and newspapers, direct mailings, outdoor billboards and on television. The total annual advertising budget for petitioner for the last few years has been approximately \$700,000 - \$800,000.

Respondent is also a managed care health maintenance organization which organizes and manages health care services provided by doctors and other providers in its network. Respondent offers its services in southeastern Michigan to employers and to individuals through Medicaid. Respondent first used its butterfly mark (a realistic representation of a butterfly) in 1988, and has continued to the present using its butterfly mark in the same form.

In adopting its butterfly mark, respondent intended to suggest the ideas of springtime, light, femininity, beauty, freedom, and the ability of a butterfly to adapt to changing conditions.

Respondent's target audience originally was "females 25 to 49 and black females 18 to 49" but the audience has now evolved to "black females 25-49." (Payne dep., p. 12). Respondent advertises in southeastern counties in Michigan, and it has preliminarily studied expansion into other counties. Respondent advertises mostly through television;

but it also advertises on radio, in business to business print advertisements, in consumer print advertisements such as magazines and newspapers, and on outdoor billboards. Respondent's total advertising costs since 1988 were approximately \$18 - \$20 million.

The record clearly establishes petitioner's priority of use of its butterfly mark. Petitioner first used its butterfly mark in August 1985, which is three years prior to respondent's first use of its butterfly mark.

We turn then to the issue of likelihood of confusion. Our determination of this issue is based on an analysis of all the probative facts in evidence that are relevant to the factors bearing on likelihood of confusion. See *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973).

Both parties provide health maintenance organization services, and both offer their services to group employers (i.e., companies and other entities that offer health benefit plan(s) to their employees) as well as to Medicaid recipients. (See, e.g., petitioner's Exhibit No. 6, a "1988-89 HMO Open Enrollment" book for "State of Michigan Employees." Respondent is listed therein as benefit plan number 15 and petitioner appears on the next page as benefit

plan numbers 17-20.)⁷ In fact, respondent concedes that the parties "both provide HMO services" and that they "market their services to similar customers." (Brief, p. 15). Until recently, petitioner and respondent offered their services in separate areas of Michigan, but both parties are expanding from the counties in which they traditionally sold their services. It is clear that petitioner and respondent offer the same services to the same purchasers through the same channels of trade.

Respondent argues that because purchasers select an HMO (typically for at least a one-year period) with a high degree of care and the services are generally purchased by professional or sophisticated buyers, confusion is "less likely." (Brief, p. 15). We agree that both tiers of purchasers, the business personnel selecting one or more plans to be offered to company employees, as well as the individuals selecting a particular HMO, generally consider their choice of health care providers carefully, and that it is an important decision.

Even assuming that the purchasers and users of the services in question are sophisticated, and/or are very deliberate in the decision making process as to health benefits, they are still likely to be confused as to the

⁷ We note that on the two pages featuring respondent in this enrollment book, there is no butterfly design mark. Rather,

source of two such services when both are identified by similar butterfly designs. That is, such purchasers and users are not immune from confusion as to the origin of the respective services, especially when sold under very similar marks. See *Weiss Associates Inc. v. HRL Associates Inc.*, 902 F.2d 1546, 14 USPQ2d 1840 (Fed. Cir. 1990); *Aries Systems Corp. v. World Book Inc.*, 23 USPQ2d 1742, footnote 17 (TTAB 1992); *In re Pellerin Milnor Corporation*, 221 USPQ 558 (TTAB 1984); and *Aerojet-General Corporation v. American Standard, Inc.*, 171 USPQ 439 (TTAB 1971).

Turning next to a consideration of the marks,⁸ the similarity or dissimilarity of marks in appearance and commercial impression ultimately comes down to the "eyeball test." This is explained by J. Thomas McCarthy, at 2 McCarthy, McCarthy on Trademarks and Unfair Competition, §23:25 (4th ed. 1999) as follows (footnote omitted):

Because a picture is worth a thousand words, there is little in the way of guidelines to determine the degree of visual similarity which will cause a likelihood of confusion of buyers. Obviously, for picture and design marks (as opposed to word marks), similarity of appearance is controlling. There is no point in launching into a long analysis of the judicial pros and

respondent is identified by "OmniCare Health Plan" and a circle design with lines through it.

⁸ We should point out that the marks involved before us are those as registered, i.e., the butterfly designs standing alone and not including the words 'Physicians Health Plan' as used with petitioner's butterfly design mark, and 'OmniCare Health Plan' as used with respondent's butterfly design mark.

cons regarding visual similarity of marks. Regarding visual similarity, all one can say is 'I know it when I see it.'"

There is no evidence of record to indicate that a butterfly design is anything other than arbitrary in relation to providing health maintenance organization services. The design of a butterfly carries the same connotation for both parties.

While it is true that upon close inspection, petitioner's butterfly mark includes a heart and two faces, nonetheless, there is no doubt that the overall impression and perception of petitioner's design is that of a butterfly. That is, even though one design is a realistic depiction of a butterfly and the other is a more abstract graphic representation of a butterfly, both designs are clearly butterflies and would be so perceived by purchasers. The differences are not likely to be recalled by purchasers seeing the marks at separate times. The emphasis in determining likelihood of confusion is not on a side-by-side comparison of the marks, but rather must be on the recollection of the average purchaser, who normally retains a general, rather than a specific, impression of the many trademarks encountered. Further, the purchaser's fallibility of memory over a period of time must also be kept in mind. See *Grandpa Pidgeon's of Missouri, Inc. v. Borgsmiller*, 477 F.2d 586, 177 USPQ 573 (CCPA 1973); *In re*

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Mucky Duck Mustard Co., Inc., 6 USPQ2d 1467 (TTAB 1988); and Edison Brothers Stores v. Brutting E.B. Sport-International, 230 USPQ 530 (TTAB 1986).

These two butterfly design marks are sufficiently similar in appearance and commercial impression that when they are used in connection with the services set forth in petitioner's licensor's registration and respondent's registration, consumers are likely to be confused. See Kangol Ltd. v. KangaROOS U.S.A. Inc., 974 F.2d 161, 23 USPQ2d 1945 (Fed. Cir. 1992); In re Calgon Corp., 435 F.2d 596, 168 USPQ 278 (CCPA 1971); and Puma-Sportschufabriken Rudolf Dassler KG v. Garan, Inc., 224 USPQ 1064 (TTAB 1984). Cf., e.g., Lacoste Alligator S.A. v. Everlast World's Boxing Headquarters Corporation, 204 USPQ 945 (TTAB 1979).

This is especially true in this case, where the parties use their marks on identical services, which are sold to the same purchasers through the same channels of trade. "Where the goods and services are directly competitive, the degree of similarity required to prove a likelihood of confusion is less than in the case of dissimilar products." 3 J. McCarthy, McCarthy on Trademarks and Unfair Competition, §23:20.1 (4th ed. 1999). See also, Century 21 Real Estate Corp. v. Century Life of America, 970 F.2d 874, 23 USPQ2d 1698, 1700 (Fed. Cir. 1992).

Respondent has introduced ten third-party registrations for marks which either consist of or include butterfly designs, and all are for services generally in the very broad field of health care (including services identified as therapeutic massage, physical therapy, dentistry, gynecological treatment services, and laser cosmetic surgery). None of the third-party registrations is specifically for health maintenance organization services. In any event, because third-party registrations are not evidence of use of the marks shown therein, or that the public is familiar with them, the third-party registrations of record have been accorded little weight in our determination of likelihood of confusion. See *Helene Curtis Industries, Inc. v. Suave Shoe Corp.*, 13 USPQ2d 1618 (TTAB 1989).

Petitioner submitted the testimony, as well as a report, from John Bunge, petitioner's survey expert. In his report and in his testimony, Mr. Bunge stated that the survey, which his company conducted on behalf of petitioner, showed that 22.1% of the respondents believed that the two advertisements they were shown (one for petitioner and one for respondent) were for the same or associated companies because of the use of the butterfly design marks on them. Respondent has thoroughly criticized the survey as to its design, implementation, interpretation

and analysis; and argues that the survey is entitled to no evidentiary weight. We need not reach this issue because we find a likelihood of confusion without relying on consideration of petitioner's survey.⁹

Respondent also contends that the absence of actual confusion in several years of coexistence of the marks in the marketplace compels a finding of no likelihood of confusion. We disagree. First, as acknowledged by respondent, proof of actual confusion is not necessary. Rather, the test "is a practical likelihood of confusion which would damage the [plaintiff]." See *Kangol Ltd.*, supra at 1946. Second, the record clearly shows that while only the respective butterfly designs are at issue before us, both parties use the names of their health plan (Physicians or OmniCare) in conjunction with the respective butterfly designs. This fact alone could account for the lack of reported instances of actual confusion.

Petitioner additionally argues that respondent's intent in selecting its butterfly design mark was to derive a benefit from petitioner's reputation. However, there is

⁹ Surveys are not required in Board proceedings. As the Board has noted, "We appreciate the significant financial cost of surveys. Moreover, we obviously recognize the limited jurisdictional nature of Board proceedings, wherein only rights to registrability, not use, are determined." See *Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423, 1435-1436 (TTAB 1993).

no evidence of record to support this assertion, and hence we find no such questionable intent on respondent's part.

We find that, based upon a consideration of all relevant du Pont factors, confusion as to source is likely between respondent's butterfly mark and petitioner's previously used butterfly mark, when these marks are used in connection with the identical services offered by these parties.

This brings us, finally, to respondent's affirmative defense that petitioner's claim is "barred under the doctrine of laches and estoppel".¹⁰ The burden of proof is on respondent to establish its affirmative defenses. When considering laches in a cancellation proceeding, Professor McCarthy has explained that (footnotes omitted):

[L]aches is not an absolute time limit like a statute of limitations. It is an equitable defense measured by delay weighed against the resulting prejudice to the registrant. A mere long period of time between petitioner's actual or constructive notice of registrant's use and the date of filing of petitioner's request for cancellation is not alone sufficient to constitute laches. Laches is a product of delay times prejudice to registrant resulting from the delay.

3 J. McCarthy, McCarthy on Trademarks and Unfair Competition, §20:76 (4th ed. 1999).

Our primary reviewing court has held that with regard

to the registration process, laches starts to run from the

¹⁰ For a discussion of the elements of the separate defenses of laches and estoppel, see *A. C. Auckerman Co. v. R. L. Chaides Construction Co.*, 960 F.2d 1020, 22 USPQ2d 1321 (Fed. Cir. 1992).

date when the registrant's application was published for opposition, which in this case was July 2, 1991. See *National Cable Television Association Inc. v. American Cinema Editors Inc.*, 937 F.2d 1572, 19 USPQ2d 1424 (Fed. Cir. 1991). Petitioner's delay from July 1991 to September 1996, when it filed this petition to cancel, does not, by itself, constitute an unreasonable and inexcusable length of time sufficient to establish laches. Moreover, petitioner's witness, Olga Dazzo (CEO and president of petitioner's mid-Michigan subsidiary), testified that the actual date when she became aware that respondent had changed its logo to a butterfly was "shortly after April of '96." (Dep., p. 24). Respondent's witness, Solomon C. Payne, II did testify that respondent has spent millions of dollars over ten years marketing its health plan¹¹, but respondent did not submit evidence of any reliance on petitioner's silence and prejudice resulting therefrom. Respondent's defense of laches therefore must fail. See *Charrette Corp. v. Bowater Communication Papers Inc.*, 13 USPQ2d 2040, 2043 (TTAB 1989).

The defense of equitable estoppel focuses on acts of commission by the plaintiff reasonably inducing the defendant to believe that its activity was acceptable to the plaintiff, and detrimental reliance by the defendant on that

¹¹ Mr. Payne's testimony does not specify whether these advertising expenses are for the butterfly design, or the "OmniCare" mark, or both.

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belief. See *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes Inc.*, 971 F.2d 732, 23 USPQ2d 1701 (Fed. Cir. 1992).

Respondent has submitted no such proof (and in fact, respondent did not even argue that petitioner committed overt acts leading respondent to believe that petitioner did not object to respondent's use of the butterfly mark), and thus, respondent has not established the defense of estoppel.

Decision: The petition to cancel is granted, and Registration No. 1,658,585 will be cancelled in due course.

R. F. Cissel

G. D. Hohein

B. A. Chapman
Administrative Trademark
Judges, Trademark Trial and
Appeal Board